



VILLAGE OF FAYETTE
FULTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2023.....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Proprietary Fund Type For the Year Ended December 31, 2023.....	6
Notes to the Financial Statements For the Year Ended December 31, 2023.....	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2022.....	19
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Proprietary Fund Type For the Year Ended December 31, 2022.....	20
Notes to the Financial Statements For the Year Ended December 31, 2022.....	21
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	33
Prepared by Management:	
Summary Schedule of Prior Audit Findings	35

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INDEPENDENT AUDITOR'S REPORT

Village of Fayette
Fulton County
102 West Main Street
P.O. Box 87
Fayette, Ohio 43521-0087

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Fayette, Fulton County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 12, 2024

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Village of Fayette, Ohio
Fulton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$65,888	\$33,128		\$99,016
Municipal Income Tax	486,948		\$20,289	507,237
Intergovernmental	64,095	153,116	351,520	568,731
Charges for Services	36,092			36,092
Fines, Licenses and Permits	4,276			4,276
Earnings on Investments	12,895	2,516		15,411
Miscellaneous	20,019	140		20,159
<i>Total Cash Receipts</i>	<u>690,213</u>	<u>188,900</u>	<u>371,809</u>	<u>1,250,922</u>
Cash Disbursements				
Current:				
Security of Persons and Property	385,378	15,745		401,123
Leisure Time Activities		16,252		16,252
Community Environment	21,327			21,327
Transportation	89,397	76,404		165,801
General Government	240,920	1,009		241,929
Capital Outlay	10,399	86,653	367,362	464,414
Debt Service:				
Principal Retirement	10,920	20,358	789	32,067
Interest and Fiscal Charges	395		357	752
<i>Total Cash Disbursements</i>	<u>758,736</u>	<u>216,421</u>	<u>368,508</u>	<u>1,343,665</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(68,523)</u>	<u>(27,521)</u>	<u>3,301</u>	<u>(92,743)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds			356	356
Sale of Capital Assets	100			100
Transfers In	13,389	11,000	19,173	43,562
Transfers Out	(43,562)			(43,562)
Other Financing Sources	172			172
Other Financing Uses	(3,519)			(3,519)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(33,420)</u>	<u>11,000</u>	<u>19,529</u>	<u>(2,891)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(101,943)</u>	<u>(16,521)</u>	<u>22,830</u>	<u>(95,634)</u>
<i>Fund Cash Balances, January 1</i>	<u>453,135</u>	<u>353,840</u>	<u>242,252</u>	<u>1,049,227</u>
<i>Fund Cash Balances, December 31</i>	<u>\$351,192</u>	<u>\$337,319</u>	<u>\$265,082</u>	<u>\$953,593</u>

See accompanying notes to the basic financial statements

Village of Fayette, Ohio
Fulton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2023

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$635,494
Fines, Licenses and Permits	325
Miscellaneous	16,720
	652,539
<i>Total Operating Cash Receipts</i>	<i>652,539</i>
Operating Cash Disbursements	
Personal Services	225,634
Contractual Services	993,243
Supplies and Materials	55,645
	1,274,522
<i>Total Operating Cash Disbursements</i>	<i>1,274,522</i>
<i>Operating Loss</i>	<i>(621,983)</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	81,730
Earnings on Investments	17,498
Other Debt Proceeds	1,471,699
Miscellaneous Receipts	275
Capital Outlay	(86,564)
Principal Retirement	(1,011,471)
Interest and Other Fiscal Charges	(22,260)
Other Financing Sources	4,910
Other Financing Uses	(4,590)
	451,227
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>451,227</i>
<i>Loss before Transfers</i>	<i>(170,756)</i>
Transfers In	40,000
Transfers Out	(40,000)
	(170,756)
<i>Net Change in Fund Cash Balances</i>	<i>(170,756)</i>
<i>Fund Cash Balances, January 1</i>	<i>820,667</i>
<i>Fund Cash Balances, December 31</i>	<i>\$649,911</i>

See accompanying notes to the basic financial statements

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Fayette (the Village), Fulton County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with Gorham Township to receive fire protection services.

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in a jointly governed organization and public entity risk pools. Notes 6, 12, and 15 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Park Fund This fund receives tax levy monies and charges for services monies for the purpose of providing leisure time activities for the general public and maintaining and repairing park grounds and facilities.

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Water Distribution System Project Fund This fund receives municipal income tax to be used for the future improvement, construction or maintenance of the water or sewer utilities.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Water Enhancement Fund The fund receives charges for services from residents for future construction, repair, or maintenance of the Village's Water System.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Leases

The Village is the lessee in a lease (as defined by GASB 87) related to a postage machine under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$636,674	\$703,874	\$67,200
Special Revenue	212,877	199,900	(12,977)
Capital Projects	10,271,953	391,338	(9,880,615)
Enterprise	2,379,036	2,268,651	(110,385)
Total	\$13,500,540	\$3,563,763	(\$9,936,777)

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,030,141	\$812,520	\$217,621
Special Revenue	441,811	296,114	145,697
Capital Projects	535,908	371,108	164,800
Enterprise	2,928,848	2,439,407	489,441
Total	\$4,936,708	\$3,919,149	\$1,017,559

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

	2023
Cash Management Pool:	
Demand deposits	\$1,503,073
Certificates of deposit	100,431
Total deposits	\$1,603,504

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Village uses a separate payroll clearing account but the daily balance is rolled into the Sweep Account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the village is holding \$13,249 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

The Regional Income Tax Agency administers and collects income taxes for the Village. Payments are remitted monthly net of collection fees of approximately 3.0 percent.

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022 (the latest available).

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members’ Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Risk Pool Membership

The Village participates in the Buckeye Ohio Risk Management, Inc., (BORMA, Inc.) which is a public entity shared risk pool consisting of several government entities in northern Ohio. The Village pays monthly premiums for health care coverage for its employees to BORMA. BORMA is responsible for the management and operations of the health insurance programs. Member entities agree to share in coverage of losses and pay all premiums necessary for the specified health insurance coverage. Member entities are subject to supplemental assessments.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2023.

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Ohio Police and Fire Retirement System

The five full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

The Village council members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority (OWDA) Loan #9453	\$15,026	1.79%
Ohio Water Development Authority (OWDA) Loan #10260	151,062	3.86%
Ohio Water Development Authority (OWDA) Loan #3731	33,619	5.14%
Ohio Water Development Authority (OWDA) Loan #4172	2,941	0.00%
Ohio Water Development Authority (OWDA) Loan #4573	7,219	2.00%
Ohio Water Development Authority (OWDA) Loan #4706	16,103	2.00%
Ohio Water Development Authority (OWDA) Loan #5137	27,773	0.00%
Ohio Water Development Authority (OWDA) Loan #6347	808,497	0.00%
Ohio Water Development Authority (OWDA) Loan #7928	131,741	0.58%
Ohio Water Development Authority (OWDA) Loan #10257	866,903	1.88%
Ohio Water Development Authority (OWDA) Loan #10409	3,370	0.00%
Ohio Public Works Commission (OPWC) Loan CE47P	30,104	0.00%
Ohio Public Works Commission (OPWC) Loan CE38E	2,626	0.00%
Ohio Public Works Commission (OPWC) Loan CE15L	7,025	0.00%
Ohio Public Works Commission (OPWC) Loan CE32N	23,592	0.00%
Ohio Public Works Commission (OPWC) Loan CE20N	7,498	0.00%
Total	<u>\$2,135,099</u>	

The Ohio Water Development Authority (OWDA) loan #9453 relates to the purchase of 10 acres along Industrial Parkway to facilitate future water and wastewater system improvements, including a new bulk water station, sewer upgrades, and electrical improvements for supply wells and treatment lagoons. OWDA approved up to \$25,400 in loans to the Village; however, the current loan balance also includes capitalized interest. The Village will repay the loan in semiannual installments of \$635, including interest, over 5 years with a balloon clause at the end of the 5-year term. The Village has agreed to set water rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #10260 relates to a planning loan for the engineering for Phase II of the water distribution system replacement project. OWDA has approved up to \$245,000 in loans; however, the Village only borrowed \$149,401.76 to date on this project. The current loan balance includes the loan origination fee and capitalized interest. The loan agreement calls for semi-annual installments of \$6,146.45 to begin on July 1, 2024, and continue for 5 years with a balloon clause at the end of the 5-year period. The Village expects to roll the balance of the planning loan into the larger construction project before the end of the 5-year period.

The Ohio Water Development Authority (OWDA) loan #3731 relates to the combined sewer separation project. OWDA approved up to \$117,852 in loans to the Village; however, the Village only borrowed \$68,711 for this project. The Village will repay the loan in semiannual installments of \$2,259, including interest, over 30 years. The Village has agreed to set sewer rates sufficient to cover OWDA debt service requirements.

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Ohio Water Development Authority (OWDA) loan #4172 relates to the West End sanitary sewer extension project. OWDA approved up to \$95,392 in loans to the Village; however, the Village only borrowed \$58,820 for this project. The Village will repay the loan in semiannual installments of \$1,471 over 20 years. The Village has agreed to set sewer rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #4573 relates to the water treatment plant repairs project. OWDA approved up to \$53,344 in loans to the Village; however, the Village only borrowed \$48,837 for this project. The Village will repay the loan in semiannual installments of \$1,488, including interest, over 20 years. The Village has agreed to set water enhancement rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #4706 relates to wastewater treatment plant repairs project. OWDA approved up to \$78,692 in loans to the Village; however, the Village only borrowed \$78,588 for this project. The Village will repay the loan in semiannual installments of \$2,394, including interest, over 20 years. The Village has agreed to set water enhancement rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5137 relates to Phase I of the long term control plan which consists of upgrades to the sewer system's lagoon and main pumping station. OWDA approved up to \$98,500 in loans to the Village; however, the Village only borrowed \$79,350 for this project. The Village will repay the loan in semiannual installments of \$1,984 over 20 years. The Village has agreed to set sewer enhancement rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6347 relates to the long term control plan related to the combined sewer separation project undertaken by the Village. The OWDA approved up to \$5,744,056 in loans to the Village; however, the Village only borrowed \$5,697,427 for this project. This project is funded through the Water Pollution Control Loan fund, of which \$4,080,432 of the commitment is principal forgiveness and \$1,616,995 is to be repaid by the Village. The Village will repay the loan in semiannual installments of \$40,425 over 20 years with no interest. Sewer receipts collateralize the loans.

The Ohio Water Development Authority (OWDA) loan #7928 relates to the purchase of a building for a sewer lab and general maintenance. OWDA approved up to \$178,623 in loans to the Village; however, the Village borrowed \$178,887 (including capitalized interest) for this project. The Village will repay the loan in semiannual installments of \$4,743, including interest, over 20 years. Sewer and General receipts collateralize the loan.

The Ohio Water Development Authority (OWDA) loan #10257 is the permanent financing for the engineering on Phase I of the Water Distribution System replacement project. This loan is a refinancing of OWDA loan #9485. The OWDA approved \$877,861 in loans to the Village. The Village will repay the loan in semiannual installments of \$19,210, including interest, over 20 years. Water receipts collateralize the loan.

The Ohio Water Development Authority (OWDA) loan #10409 relates to the replacement of lead or galvanized service lines as part of the Water Distribution System Replacement project. OWDA has approved up to \$411,000 in loans to the Village; however, the Village has not yet borrowed any money for this project. The current balance on the loan is the loan origination fee. The project is funded through the Water Pollution Control Loan Fund, of which \$217,930 of the commitment is principal forgiveness and

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

\$196,540 is to be repaid by the Village. The Village will repay the loan in semiannual installments over 20 years with no interest. Payments will not begin until January 1, 2026.

The Ohio Public Works Commission (OPWC) loan #CE38E relates to the combined sewer separation project. The OPWC has approved \$52,514 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$1,313 over 20 years. Sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CE15L relates to Phase I of the long term control plan which consists of upgrades to the sewer system’s lagoon and main pumping station. OPWC has approved up to \$50,931 in loans to the Village; however, the Village only borrowed \$18,732 for this project. The Village will repay the loan in semiannual installments of \$468 over 20 years, Sewer receipts collateralize the loan.

The Ohio Public Works Commission (OPWC) loan #CE20N relates to the Gamble Road widening project. OPWC has approved \$125,000 in loans to the Village; however, the Village only borrowed \$15,785 for this project. The Village will repay the loan in semiannual installments of \$395 over 20 years. Property tax receipts collateralize the loan.

The Ohio Public Works Commission (OPWC) loan #CE32N relates to the New Fulton Street Lift Station project. OPWC has approved up to \$56,610 in loans to the Village; however, the Village has only borrowed \$47,184 for this project. The Village will repay the loan in semiannual installments of \$1,180 over 20 years. Sewer receipts collateralize the loan.

The Ohio Public Works Commission (OPWC) loan #CE47P relates to the Village-Wide Street resurfacing project. OPWC has approved up to \$208,000 in loans to the Village; however, the Village only borrowed \$150,518 for this project. The Village will repay the loan in semiannual installments of \$7,526 over 10 years. Property tax receipts collateralize the loan.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OWDA Loans	OPWC Loans
2024	\$147,942	\$21,763
2025	145,002	19,137
2026	143,514	4,085
2027	139,633	4,085
2028	137,240	4,085
2029-2033	672,038	17,690
2034-2038	234,784	
2039-2043	192,096	
2044-2048	192,096	
2049-2053	172,887	
Total	\$2,177,232	\$70,845

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Leases

The Village leased a postage machine under noncancelable leases. The Village disbursed \$730 to pay lease costs for the year ended December 31, 2023.

Note 11 – Construction and Contractual Commitments

The Water Distribution and Planning project for Phase I was completed in 2023. The planning loan of \$877,861 was refinanced by the Ohio Water Development Authority. The OWDA also approved up to \$245,000 in a planning loan for Phase I of the Water Distribution Project. The engineering for Phase II is expected to be completed in early 2024. The Village has received an award of \$10 million for the construction a new water distribution system which began in late 2023 and is expected to be completed by 2025. The Village has applied for financing for the remainder of construction on Phase II of the project.

Note 12 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$692			\$692
Outstanding Encumbrances	6,703	\$79,693	\$2,600	88,996
<i>Total</i>	<u>\$7,395</u>	<u>\$79,693</u>	<u>\$2,600</u>	<u>\$89,688</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 15 – Jointly Governed Organization

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration, RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA’s operation including budgeting, appropriating, contracting and designating management. Each participant’s degree of control is limited to its representation on the council. For 2023, the Village paid RITA \$14,839 for income tax collection services.

Note 16 – Interfund Transfers

	Transfers In	Transfers Out
General Fund	\$13,389	\$43,562
Special Revenue:		
COPS Fast Grant	11,000	
Capital Projects:		
Street Improvements Fund	19,173	
Enterprise:		
Water Fund		40,000
Water Enhancement Fund	40,000	
Total Enterprise	40,000	40,000
Totals	\$83,562	\$83,562

Transfers are used to move revenues from the funds that statute or budget requires to segregate money for anticipated capital projects and to provide additional resources for current operations.

Village of Fayette, Ohio
Fulton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$61,927	\$31,794		\$93,721
Municipal Income Tax	427,253		\$17,802	445,055
Intergovernmental	71,356	192,196		263,552
Special Assessments	617			617
Charges for Services	31,410			31,410
Fines, Licenses and Permits	6,096	490		6,586
Earnings on Investments	2,135	453		2,588
Miscellaneous	23,139	3,670		26,809
<i>Total Cash Receipts</i>	<u>623,933</u>	<u>228,603</u>	<u>17,802</u>	<u>870,338</u>
Cash Disbursements				
Current:				
Security of Persons and Property	364,653	54,882		419,535
Leisure Time Activities		15,552		15,552
Community Environment	30,621			30,621
Transportation	80,491	80,680		161,171
General Government	293,485	320		293,805
Capital Outlay	70,501	12,995	38,213	121,709
Debt Service:				
Principal Retirement	13,672	21,148		34,820
Interest and Fiscal Charges	420		452	872
<i>Total Cash Disbursements</i>	<u>853,843</u>	<u>185,577</u>	<u>38,665</u>	<u>1,078,085</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(229,910)</u>	<u>43,026</u>	<u>(20,863)</u>	<u>(207,747)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds			452	452
Sale of Capital Assets	950		5,000	5,950
Transfers In		15,150		15,150
Transfers Out	(15,150)			(15,150)
Other Financing Sources	61			61
Other Financing Uses	(3,590)			(3,590)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(17,729)</u>	<u>15,150</u>	<u>5,452</u>	<u>2,873</u>
<i>Net Change in Fund Cash Balances</i>	<u>(247,639)</u>	<u>58,176</u>	<u>(15,411)</u>	<u>(204,874)</u>
<i>Fund Cash Balances, January 1</i>	<u>700,774</u>	<u>295,664</u>	<u>257,663</u>	<u>1,254,101</u>
<i>Fund Cash Balances, December 31</i>	<u>\$453,135</u>	<u>\$353,840</u>	<u>\$242,252</u>	<u>\$1,049,227</u>

See accompanying notes to the basic financial statements

Village of Fayette, Ohio
Fulton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$613,732
Fines, Licenses and Permits	815
Miscellaneous	16,175
	630,722
<i>Total Operating Cash Receipts</i>	
Operating Cash Disbursements	
Personal Services	221,069
Transportation	211
Contractual Services	296,155
Supplies and Materials	80,711
	598,146
<i>Total Operating Cash Disbursements</i>	
<i>Operating Income</i>	32,576
Non-Operating Receipts (Disbursements)	
Earnings on Investments	1,250
Other Debt Proceeds	398,445
Miscellaneous Receipts	789
Capital Outlay	(10,241)
Principal Retirement	(128,567)
Interest and Other Fiscal Charges	(5,460)
Other Financing Sources	5,100
Other Financing Uses	(5,260)
	256,056
<i>Total Non-Operating Receipts (Disbursements)</i>	
<i>Income before Transfers</i>	288,632
Transfers In	40,000
Transfers Out	(40,000)
	288,632
<i>Net Change in Fund Cash Balances</i>	
<i>Fund Cash Balances, January 1</i>	532,035
<i>Fund Cash Balances, December 31</i>	\$820,667

See accompanying notes to the basic financial statements

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Fayette (the Village), Fulton County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with Gorham Township to receive fire protection services.

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in a jointly governed organization and public entity risk pools. Notes 6, 12, and 15 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Park Fund This fund receives tax levy monies and charges for services monies for the purpose of providing leisure time activities for the general public and maintaining and repairing park grounds and facilities.

COPS Fast Grant Fund This fund receives grant money and transfers from the General Fund to account for the wages and benefits of the new career law enforcement officer hired under the CHP program to increase community policing capacity and crime prevention efforts.

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Capital Project Fund This fund receives proceeds from an income tax levy to acquire property and equipment and to construct capital improvements.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Water Enhancement Fund The fund receives charges for services from residents for future construction, repair, or maintenance of the Village's Water System.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Leases

The Village is the lessee in a lease (as defined by GASB 87) related to a postage machine under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$684,153	\$624,944	(\$59,209)
Special Revenue	245,729	243,753	(1,976)
Capital Projects	30,388	23,254	(7,134)
Enterprise	929,649	1,076,306	146,657
Total	\$1,889,919	\$1,968,257	\$78,338

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,164,853	\$890,051	\$274,802
Special Revenue	275,629	189,383	86,246
Capital Projects	218,331	58,263	160,068
Enterprise	1,178,132	837,457	340,675
Total	\$2,836,945	\$1,975,154	\$861,791

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

	2022
Cash Management Pool:	
Demand deposits	\$1,763,296
Certificates of deposit	106,598
Total deposits	\$1,869,894

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Village uses a separate payroll clearing account, but the daily balance is rolled into the Sweep Account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the village is holding \$12,879 in unremitted employee payroll withholdings and liabilities.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

The Regional Income Tax Agency administers and collects income taxes for the Village. Payments are remitted monthly net of collection fees of approximately 3.0 percent.

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members’ Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Risk Pool Membership

The Village participates in the Buckeye Ohio Risk Management, Inc., (BORMA, Inc.) which is a public entity shared risk pool consisting of several government entities in northern Ohio. The Village pays monthly premiums for health care coverage for its employees to BORMA. BORMA is responsible for the management and operations of the health insurance programs. Member entities agree to share in coverage of losses and pay all premiums necessary for the specified health insurance coverage. Member entities are subject to supplemental assessments.

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

The five full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

The Village council members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
KS State Bank	\$20,585	3.10%
Ohio Water Development Authority (OWDA) Loan #9453	20,939	1.79%
Ohio Water Development Authority (OWDA) Loan #9485	424,840	1.71 - 4.26%
Ohio Water Development Authority (OWDA) Loan #3731	36,304	5.14%
Ohio Water Development Authority (OWDA) Loan #4172	5,882	0.00%
Ohio Water Development Authority (OWDA) Loan #4573	10,007	2.00%
Ohio Water Development Authority (OWDA) Loan #4706	20,502	2.00%
Ohio Water Development Authority (OWDA) Loan #5137	31,740	0.00%
Ohio Water Development Authority (OWDA) Loan #6347	889,347	0.00%
Ohio Water Development Authority (OWDA) Loan #7928	140,425	0.58%
Ohio Public Works Commission (OPWC) Loan CE47P	45,155	0.00%
Ohio Public Works Commission (OPWC) Loan CE32D	2,850	0.00%
Ohio Public Works Commission (OPWC) Loan CE38E	5,251	0.00%
Ohio Public Works Commission (OPWC) Loan CE15L	7,961	0.00%
Ohio Public Works Commission (OPWC) Loan CE32N	25,951	0.00%
Ohio Public Works Commission (OPWC) Loan CE20N	8,287	0.00%
Total	<u>\$1,696,026</u>	

The KS State Bank Loan relates to the purchase of a backhoe. The Village will repay the loan in annual installments of \$21,227, including interest, over 3 years. The loan will be repaid from the Water, Sewer, Streets, and General Funds.

The Ohio Water Development Authority (OWDA) loan #9453 relates to the purchase of 10 acres along Industrial Parkway to facilitate future water and wastewater system improvements, including a new bulk water station, sewer upgrades, and electrical improvements for supply wells and treatment lagoons. OWDA approved up to \$25,400 in loans to the Village; however, the current loan balance also includes capitalized interest. The Village will repay the loan in semiannual installments of \$635, including interest, over 5 years with a balloon clause at the end of the 5-year term. The Village has agreed to set water rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #9485 relates to a planning loan for the development of a water distribution system study to address excessive water loss and frequent waterline breaks. OWDA originally approved up to \$195,683 in loans to the Village with an additional supplemental loan of \$679,068 added in 2022 to cover the cost of the Phase I Design Engineering; however, the Village has only borrowed \$428,635 to date on this project. The current loan balance also includes capitalized interest. The loan agreement calls for semi-annual installments of \$4,892 to begin January 1, 2023, increasing to \$21,868.78 and continuing for 5 years with a balloon clause at the end of the 5-year period. The Village expects to roll the balance of the planning loan into a larger construction project before the end of the 5-year period.

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Ohio Water Development Authority (OWDA) loan #3731 relates to the combined sewer separation project. OWDA approved up to \$117,852 in loans to the Village; however, the Village only borrowed \$68,711 for this project. The Village will repay the loan in semiannual installments of \$2,259, including interest, over 30 years. The Village has agreed to set sewer rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #4172 relates to the West End sanitary sewer extension project. OWDA approved up to \$95,392 in loans to the Village; however, the Village only borrowed \$58,820 for this project. The Village will repay the loan in semiannual installments of \$1,471 over 20 years. The Village has agreed to set sewer rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #4573 relates to the water treatment plant repairs project. OWDA approved up to \$53,344 in loans to the Village; however, the Village only borrowed \$48,837 for this project. The Village will repay the loan in semiannual installments of \$1,488, including interest, over 20 years. The Village has agreed to set water enhancement rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #4706 relates to wastewater treatment plant repairs project. OWDA approved up to \$78,692 in loans to the Village; however, the Village only borrowed \$78,588 for this project. The Village will repay the loan in semiannual installments of \$2,394, including interest, over 20 years. The Village has agreed to set water enhancement rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5137 relates to Phase I of the long term control plan which consists of upgrades to the sewer system's lagoon and main pumping station. OWDA approved up to \$98,500 in loans to the Village; however, the Village only borrowed \$79,350 for this project. The Village will repay the loan in semiannual installments of \$1,984 over 20 years. The Village has agreed to set sewer enhancement rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6347 relates to the long term control plan related to the combined sewer separation project undertaken by the Village. The OWDA approved up to \$5,744,056 in loans to the Village; however, the Village only borrowed \$5,697,427 for this project. This project is funded through the Water Pollution Control Loan fund, of which \$4,080,432 of the commitment is principal forgiveness and \$1,616,995 is to be repaid by the Village. The Village will repay the loan in semiannual installments of \$40,425 over 20 years with no interest. Sewer receipts collateralize the loans.

The Ohio Water Development Authority (OWDA) loan #7928 relates to the purchase of a building for a sewer lab and general maintenance. OWDA approved up to \$178,623 in loans to the Village; however, the Village borrowed \$178,887 (including capitalized interest) for this project. The Village will repay the loan in semiannual installments of \$4,743, including interest, over 20 years. Sewer and General receipts collateralize the loan.

The Ohio Public Works Commission (OPWC) loans #CE32D and #CE38E relates to the combined sewer separation project recently conducted. The OPWC approved \$113,990 for #CE32D and \$52,514 for #CE38E in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$2,850 for #CE32D and \$1,313 for #CE38E over 20 years. Sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Ohio Public Works Commission (OPWC) loan #CE15L relates to Phase I of the long term control plan which consists of upgrades to the sewer system’s lagoon and main pumping station. OPWC has approved up to \$50,931 in loans to the Village; however, the Village only borrowed \$18,732 for this project. The Village will repay the loan in semiannual installments of \$468 over 20 years, Sewer receipts collateralize the loan.

The Ohio Public Works Commission (OPWC) loan #CE20N relates to the Gamble Road widening project. OPWC has approved \$125,000 in loans to the Village; however, the Village only borrowed \$15,785 for this project. The Village will repay the loan in semiannual installments of \$395 over 20 years. Property tax receipts collateralize the loan.

The Ohio Public Works Commission (OPWC) loan #CE32N relates to the New Fulton Street Lift Station project. OPWC has approved up to \$56,610 in loans to the Village; however, the Village has only borrowed \$47,184 for this project. The Village will repay the loan in semiannual installments of \$1,180 over 20 years. Sewer receipts collateralize the loan.

The Ohio Public Works Commission (OPWC) loan #CE47P relates to the Village-Wide Street resurfacing project. OPWC has approved up to \$208,000 in loans to the Village; however, the Village only borrowed \$150,518 for this project. The Village will repay the loan in semiannual installments of \$7,526 over 10 years. Property tax receipts collateralize the loan.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Bank Loan	OWDA Loans	OPWC Loans
2023	\$21,227	\$128,733	\$24,612
2024		147,942	21,763
2025		145,001	19,137
2026		143,514	4,085
2027		139,633	4,085
2028-2032		678,264	19,020
2033-2037		322,635	2,753
2038-2042		196,839	
2043-2047		192,097	
2048-2052		192,097	
2053		19,210	
Total	\$21,227	\$2,305,965	\$95,455

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Leases

The Village leased a postage machine under noncancelable leases. The Village disbursed \$730 to pay lease costs for the year ended December 31, 2022.

Note 11 – Construction and Contractual Commitments

The Water Distribution Planning project is expected to be completed in 2023. The original loan amount approved by OWDA is \$195,683 but it was increased by \$679,068 due to the change in the scope and nature of the project to include the actual design of a new water distribution system. The Village has received an award of \$10 million for the construction of a new water distribution system which is expected to begin in early 2023. The remaining costs of the Water Distribution Planning Project were not included in the 2022 financial statements.

The splashpad project is expected to be completed in 2023 at an expected cost of \$100,000 (including site preparation). These costs were not encumbered in the 2022 financial statements. The project is financed with \$50,000 from a State Capital Improvement Grant with the remaining funds coming from the Park and General Fund.

Note 12 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$13,909			\$13,909
Outstanding Encumbrances	17,468	\$3,806	\$19,598	40,872
<i>Total</i>	<u>\$31,377</u>	<u>\$3,806</u>	<u>\$19,598</u>	<u>\$54,781</u>

Village of Fayette, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2022, the Village received COVID-19 funding. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

During 2022, the Village received \$65,517 as an on-behalf of grant from another government. These amounts are recorded in the Local Fiscal Recovery (Special Revenue) Fund and will be for the Water Distribution System Replacement Project.

Note 15 – Jointly Governed Organization

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration, RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA’s operation including budgeting, appropriating, contracting and designating management. Each participant’s degree of control is limited to its representation on the council. For 2022, the Village paid RITA \$13,340 for income tax collection services.

Note 16 – Interfund Transfers

	Transfers In	Transfers Out
General Fund		\$15,150
Special Revenue:		
COPS Fast Grant	\$15,150	
Enterprise:		
Water Fund		40,000
Water Enhancement Fund	40,000	
Total Enterprise	40,000	40,000
Totals	\$55,150	\$55,150

Transfers are used to move revenues from the funds that statute or budget requires to segregate money for anticipated capital projects and to provide additional resources for current operations.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
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800-282-0370

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Fayette
Fulton County
102 West Main Street
P.O. Box 87
Fayette, Ohio 43521-0087

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements of the Village of Fayette, Fulton County, Ohio, (the Village), and have issued our report thereon dated September 12, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 12, 2024

THE VILLAGE OF FAYETTE

102 W. MAIN STREET, PO Box 87

FAYETTE OH 43521

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2023 AND 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Finding first reported in 2011. Material Weakness due to financial statement reporting errors.	Fully corrected.	
2021-002	Noncompliance with Ohio Rev. Code § 731.141 for not following competitive bidding procedures.	Fully corrected.	

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF FAYETTE

FULTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/26/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov